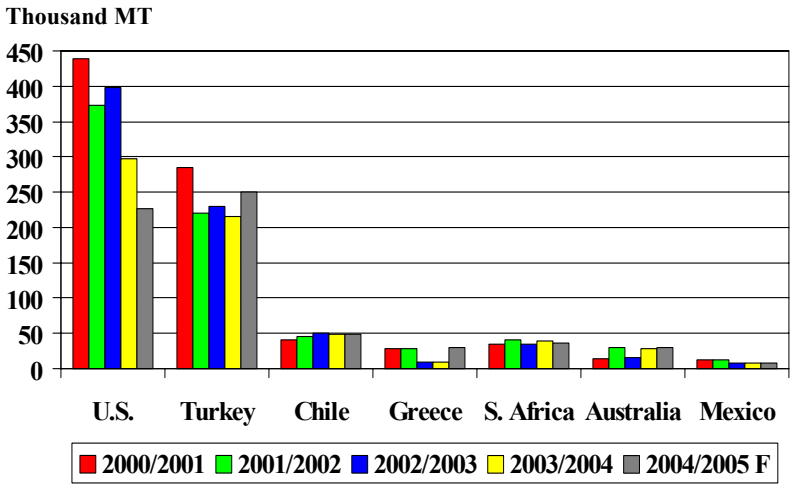
Raisin Situation and Outlook in Selected Countries

For marketing year (MY) 2004/05, raisin production in selected northern hemisphere countries has been forecast at 514,659 metric tons, compared with the final total of 528,725 tons estimated for the previous year. Supplies in Greece are expected to be much higher than levels in previous years due primarily to exceptional weather conditions. The production level for Turkey has also been forecast to increase due to high yields. Production in Mexico is expected to be only slightly higher than the 2003/04 level, while the United States is projected to decrease production by more than 20 percent from last year's level. Production in southern hemisphere countries is expected to reach 114,720 tons for MY 2004/05, a slight decrease from last year's level. Australia's production is expected to be about 2 percent higher, while Chile and South Africa are expected to see production decline by 2 percent and 8 percent, respectively.

Global Production and Trade

The United States is the largest raisin producer in the world. The United States and Turkey, the second largest producer, together account for more than 95 percent of production among the major northern hemisphere producing countries, and generally, about 80 percent of global production.

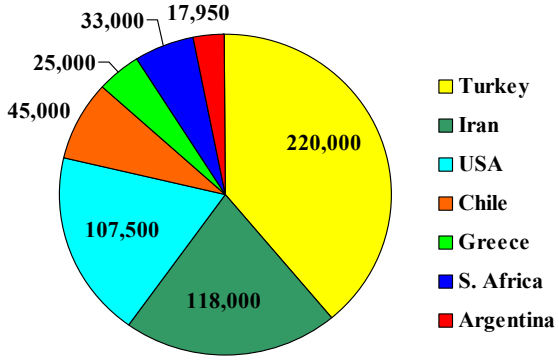
Major Raisin Producers



Source: USDA FAS Production,Supply, and Distribution Data

Major Raisin Exporters- Export Forecast for 2004

(Metric Tons)



The top raisin exporters are typically Turkey, Iran, and the United States. In calendar year (CY) 2003, Turkey exported 196,000 tons, while the United States exported 119,291 tons. The 2004 export forecast is shown at left. Exports of the selected major exporters are expected to be about 1 percent less for 2004 than they were in 2003, reaching more than 565,000 tons. Although Turkey's exports are expected to rise, the next three major exporters are expected to see declines.

Greece

For 2004/05 (marketing year September 2004-August 2005) output has been estimated at 30,000 tons. This is an increase of more than 200 percent from the final estimate of the previous year, due mainly to the first exceptional period of crop weather in many years. Quality is excellent for this crop year as well, with almost 65 percent graded at No. 2, 10 percent at No.1, and 20 percent at No. 4. The 2003/04 crop, however, was revised downward to 9,000 tons due to extremely high temperatures and disastrous rainstorms that hit both the island of Crete and the area of Peloponnese, the two main raisin-producing areas. There are seven private sultana manufacturers and packers in Greece. Four are in Peloponnese and three are in Crete. Typically, about 84 percent of production is marketable, while the remaining 16 percent is utilized for animal feeding, vinegar production, and waste.

Although Greece has typically been a large exporter of raisins behind Turkey, Iran, and the United States, it dropped to sixth place in CY 2003. Due to increased production, exports for the 2004/05 crop are expected to reach 25,000 tons, more than double the 11,000 tons exported in 2003/04. Greek products face stiff competition from Turkish sultanas, which have entered European markets at a lower price than the Greek sultanas for the 2004/05 marketing year. Greece's product is different, however. It is well packed and high in quality, but also comparatively higher in price.

Due to the production shortfall in 2003, raisin imports were higher than average, totaling 3,000 tons. These increases in imports came mainly from Turkey, Iran, and Chile, while Australia and South Africa also contributed. Imports for the 2004/05 marketing year are expected to reach 500 tons.

Mexico

Production for MY 2004/05 (marketing year August 2004 to July 2005) is forecast at 7,500 tons, only slightly more than last year's revised estimate of 7,440 tons, due to slightly higher expected yields. The production estimate for 2002/03 was also revised downward from the previous estimate to 7,140 tons, mainly due to a significant decrease in area planted. Yields, however, were up to 2.4 tons/ha, due to more efficient use of water resources and improved raisin varieties. Many growers were forced out of business during 2003 due to lower-priced Chilean imports combined with scarce water supplies in the Caborca region, Mexico's predominant raisin-producing area. In recent years, raisin production in Mexico has decreased substantially due to difficult circumstances, such as low international prices, lack of credit, and water availability. Industry sources indicate that the prevailing situation is forcing them to look for raisin varieties that offer better yields and quality than traditional varieties, giving producers better profits and better overall value for their raisins.

Mexico typically sends about 90 percent of its exported volume of raisins to the United States, with most of the remainder headed to other Latin American countries. Due to expectations that international markets will offer better prices, MY 2004/05 exports are forecast at 4,300 tons. Raisin imports for 2004/05 are also forecast to be slightly higher than 2003/04 levels due to good domestic demand. Exports in CY 2002 totaled 3,529 tons, a 27-percent decrease from the 2001

level. Lower international demand is credited for Mexico's decreased exports that year. In CY 2002, Chilean raisins had an approximate 81-percent market share in Mexico. However, in CY 2003, imports of U.S. raisins grew by more than 137 percent, pushing the U.S. share to nearly 49 percent and leaving Chile with 51 percent of the market. This is due to significant increases in demand for premium-quality raisins by the processing sector. Many of these imports occur at the end of the Mexican season when there is a shortage of high-quality domestic raisins.

The main raisin-producing areas in Mexico are the northwestern states of Sonora and Baja California. Sonora produces about 98 percent of total output, while Baja California accounts for about 2 percent of the total. Many producers in the state of Sonora are increasing their use of more efficient irrigation systems to combat the problem of water security, which is a major expense in raisin production. Water typically accounts for approximately 19 percent of the total cost of production in Mexico.

Due to decreases in raisin production in Sonora, only seven processing plants are currently active. They typically export the highest quality raisins and sell the remaining production to the domestic wholesale market. In Mexico, raisins are typically sold in 10-kilogram boxes, and ½- and 1-kilogram bags. There is almost no demand for individual raisin packages in Mexico. The domestic market is typically saturated right after production time (September through October) due to lack of storage capacity.

Turkey

For 2004/05 (marketing year September 2004-August 2005), Turkey's raisin production estimate has been set at 250,000 tons, up 16 percent from the previous year. This record high was accomplished despite frosts in early April, due mainly to higher-than-normal yields. In addition, favorable weather during the drying season improved quality of the crop. About 45 percent of the 2004 crop has been graded as standard No. 9, 45 percent as standard No. 8, and 10 percent as standard No. 10.

Turkey's export forecast for MY 2004/05 has been set at 220,000 tons, 15 percent higher than the previous year, due to higher production and lower prices. Turkey is the top raisin exporter in the world. In CY 2003, exports totaled more than 196,000 tons, and between 2000 and 2002, its total exports averaged nearly 211,000 tons. The majority of Turkey's exports are destined for European markets. In CY 2003, over 70 percent of Turkey's exports were shipped to EU countries. Imports by Turkey, however, are very small. A high tariff, combined with high levels of production, limit export opportunities to Turkey. In CY 2003, the United States exported only 13 tons of raisins to Turkey. For the 2004/05 marketing year, total imports are expected to reach only 1,000 tons.

For 2004/05, Turkish domestic consumption of sultanas has been estimated at 28,000 tons with around 20,000 for confectionary purposes and the remaining quantity for alcohol distillation by TEKEL, the state liquor monopoly.

United States

U.S. production for 2004/05 (marketing year August 2004-July 2005) has been estimated at 227,159 tons, a 24-percent decrease from the previous year. Recent years have seen declining production levels from a record high of 439,531 tons in 2000/01. For the first time in years, the surplus levels have given way to a shortage. The large stock inventories and carryover have declined significantly, leading to higher prices. Last year, for the first time in 5 years, a field price of more than $1,000 per ton was established for raisins by the Raisin Bargaining Association. The price was set at $1,110 per ton, which is $300 more than was offered the previous year. This decision was made to counter the offer made by the wine industry to purchase green grapes to be crushed at $200 per ton, twice the amount offered in the last 3 years..

The United States is typically the world's second or third largest exporter of raisins. In CY 2003, U.S. raisin exports totaled 119,291 tons, up from 118,765 tons in 2002. January to November 2004 exports were up 5 percent from the same period in 2003, reaching nearly 112,000 tons. In 2004, the United States' largest export markets were the United Kingdom (U.K.), Japan, Canada, China, and Germany. Japan is the top consumer, generally purchasing more than 20 percent of exports. Recent years have seen increases in exports to China. January to November 2004 exports to China were 56 percent higher than the same period in 2003. The U.S. industry is hopeful that India will become a major destination for U.S. raisins. Although high tariffs have limited export opportunities to India and recent changes in India's import requirements for raisins also threaten to hinder export growth to that market, the U.S. industry believes that it will become a strong market. Several shipments have recently entered the market, and the industry is hopeful that its marketing efforts will continue to reap more sales as India's growing middle-class demands high quality U.S. product.

Total imports of raisins by the United States tallied 12,720 tons in CY 2003, a decrease of 16 percent from the previous year. January to November 2004 imports totaled 11,365 tons, a decrease of 7 percent from the same period in 2003. Chile, South Africa, Mexico, and Argentina are generally the top four foreign suppliers, providing 97 percent of total raisin imports.

The Raisin Administrative Committee (RAC) has received a budget ceiling of $2,612,049 under the Market Access Program (MAP) during the 2004/05 marketing year to market California raisins. MAP funding is allocated for China, Hong Kong, Hungary, Italy, Japan, Malaysia, Philippines, Scandinavia, Singapore, South Korea, Spain, Taiwan, Thailand, and the United Kingdom. The RAC's primary objectives in these markets are to increase consumer and trade awareness of the quality of California raisins, and to show the product's versatility in institutional food service, snaking, baking, and cooking.

Australia

Australia's dried grape production estimate for 2004/05 (marketing year March 2005-February 2006) has been set at 30,000 tons. This represents a 3-percent increase from the revised 2003/04 level. Production is expected to be slightly higher due to above average "bud burst" indicating a

good flowering, and anticipated average weather conditions. The 2003/04 production estimate has been slightly revised downward to 29,000 tons. Over the past decade, raisin production has been on the decline, partly due to grapes being utilized for wine production. However, more recently, greater supplies of specialty wine grapes have permitted some productive capacity to return to the raisin industry.

Australia's exports have typically been greater than imports. However, import levels have been higher than exports since 1997/98, mainly due to lower-than-average production, increased competition from wineries for grape supplies, and an appreciating Australian dollar. In CY 2003 exports totaled 8,244 tons, an increase of 9 percent from the previous year. Exports are forecast at 11,000 tons for 2004/05, up 10 percent due to increased production and higher stock levels. The main markets for Australian raisins are Germany, the United Kingdom, and Canada. Typically, these three countries consume around 65 percent of Australia's exports. Australia's raisin imports in CY 2002 declined by 5 percent to a level of 19,731 tons, while CY 2003 imports dropped further to 18,107 tons. Imports are expected to reach 16,000 tons in 2004/05. The top suppliers to Australia are Turkey, Greece, and the United States. While Turkey typically supplies more than half of Australia's imports of raisins, increased opportunities may exist for U.S. exporters as the Australia-U.S. Free Trade Agreement is implemented in January 2005, giving the United States preferential access into the market.

Chile

Chile's raisin production forecast for MY 2004, which begins in January 2005, has been set at 48,000 tons, less than 2 percent lower than the previous year. Raisin production in Chile is based mainly on lower quality table grapes and those not fit for the export market. As such, increases in the availability of discarded table grapes due to a fall in demand by wineries have led to increased raisin output. In the next few years, however, a fast growing grape juice industry is expected to increase competition for discarded table grapes that go into raisin production. Consequently, raisin production may be reduced in the coming years.

Typically, over 90 percent of Chilean raisin production is exported. Exports are expected to fall to 45,700 tons for CY 2004, due to decreases in production. In CY 2003, Chile exported 48,094 tons of raisins, an increase of over 15 percent from the previous year. In 2003, Chile's top export markets were the United States, Brazil, Mexico, Colombia, and Peru, which consumed nearly 60 percent of Chile's raisin exports. Although the Latin American market accounts for about half of Chile's raisin exports, the European market is growing significantly due to the signing of the EU-Chile free trade agreement, and the resulting reduction of the 2.4-percent tariff on raisins to zero

Chile's raisin imports are typically very small. Imports are expected to total slightly over 200 tons in CY 2004.

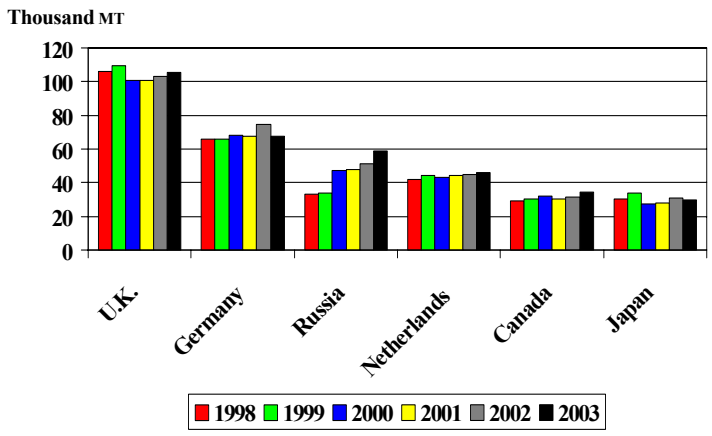
South Africa

The production forecast for the 2004/05 (marketing year January 2005-December 2006) crop has been set at 36,720 tons while harvested area is expected to total 10,640 hectares. For the 2003 crop, more Thompson seedless raisins are expected compared to golden varieties, due to heavy rains during harvest. Grapes used for drying are produced mainly around the Orange River area of the Northern Cape, which has about 8,000 hectares of irrigated vines.

In CY 2004, South Africa is expected to export around 33,000 tons, compared to 34,519 tons in 2003. South Africa's top export markets are Canada, the United Kingdom, Germany, France, and the Netherlands, which consume more than 65 percent of South Africa's raisin exports. South Africa's raisin exports to the United States are eligible for duty-free entry under the African Growth and Opportunity Act (AGOA).

South Africa's imports of raisins are typically very small, totaling less than 163 tons in 2003. Imports for CY 2004 are expected to total around 800 tons.

Major Raisin Importers



Source: Global Trade Atlas

World raisin imports in CY 2003 totaled more than 619,000 tons, a decrease of 3 percent from the previous year. Typically, the top raisin importing countries are the U.K., Germany, Russia, the Netherlands, Canada, and Japan. The U.K. generally imports around 100,000 tons; Germany, 70,000 tons; Russia and the Netherlands around 40,000 tons each; with Canada and Japan around 30,000 tons each. These six countries imported 55 percent of the world's raisin trade in CY 2003.

(The FAS Attaché Report search engine contains reports on the leading dried fruit producing countries, including Australia, Chile, and South Africa. For information on production and trade, contact Dwight Wilder at 202-690-2702. For information on marketing contact Lisa Twedt at 202-720-6086.)